



CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

**I-Bank Board of Directors Meeting
November 19, 2013, 2:00 pm
Sacramento, California 95814**

**Teveia R. Barnes
Executive Director**



California Small Business Loan Guarantee Program (SBLGP)

- The SBLGP has a successful 30 plus year history in California that has enabled small businesses to obtain term loans or lines of credit. Since it started in 1971, the Program has guaranteed over 30,000 loans.
- In partnership with California lending institutions, SBLGP has helped small businesses to grow and expand their business.



State Small Business Credit Initiative (SSBCI)

On October 8, 2010, the U.S. Department of the Treasury announced its grant of 168.6 million under the State Small Business Credit Initiative (SSBCI), a component of President Obama's Small Business Jobs Act, to support small businesses in California.

The SSBCI funding is designed to leverage \$1.7 billion in new small business lending in the state through the two California agencies.

Original California Agencies: Business, Transportation and Housing Agency and California State Treasurer Bill Lockyer's Office.



California Small Business Loan Guarantee Program

On October 4, 2013, the Small Business Financial Assistance Act of 2013 moved the SBLGP to the newly formed Small Business Finance Center in the California Infrastructure and Economic Development Bank (I-Bank).



California Small Business Finance Center

Promote the economic development of small businesses by making available capital, general management assistance, and other resources, including financial services, personnel, and business education to small business entrepreneurs, including women, veteran, and minority-owned businesses, to:

- Promote the health, safety, and social welfare of the citizens of California
- Eliminate unemployment of the economically disadvantaged of the state
- Stimulate economic development and entrepreneurship



California Small Business Loan Guarantee Program and SSBCI

Lenders are encouraged to make small business loans that are not traditionally bankable and it provides a lender with the necessary security, in the form of a guarantee from the Trust Fund, to approve a loan or line-of-credit.

The guarantees are issued on behalf of the State by 11 non-profit Small Business Financial Development Corporations located throughout California.



California Small Business Loan Guarantee Program

Guarantee Amount: Normally Up to 80% of the Loan with the guaranteed portion of the loan not exceeding \$500,000.



California Small Business Loan Guarantee Program

Eligible Uses – Loan proceeds are to be used in California for any standard business purpose, such as expansion into new facilities, the purchase of new equipment, working capital , or development of a new market.

Collateral - Available business and personal assets (machinery, equipment, accounts receivable, inventory and real property).



Program Benefits

- Directed at newer/less capitalized small businesses.
- Allows a small business to establish a favorable credit history.
- Collateral generally inadequate to meet conventional requirements may qualify under the State program
- Provided through the Financial Development Corporation (FDC) network, which offer small businesses more personalized service.



Eligibility Requirements

- For-profit and non-profit business
- Maximum of 750 employees
- Demonstrate repayment ability
- Prohibited business purposes: lending, passive real-estate development, investments, pyramid sales or speculation



Eligible Use of Proceeds

- Lines of Credit and Permanent Working Capital
- Inventory and Equipment
- Building Purchase and New Construction
- Tenant Improvements
- Asset-based Business Purchase
- Debt Refinance, under certain conditions



SSBCI Loan and Guarantee Limits

- Maximum Guarantee Per Borrower:
\$2.5 million
- Maximum Loan Per Borrower:
\$20 million



CA SSBCI and SBLGP Fees, Interest Rate and Terms

Fee on Guaranteed Portion of Loan	2%	Fees may be financed with the loan
Documentation Fee	\$250	Fees may be financed with the loan
Renewal Fee	1%	
Interest Rate	Set by Lender	
Maximum Guarantee Term	7 Years	(loan may be amortized over a longer term)



Example of a Loan

Small Business borrower needs \$500,000 for:

Tenant Improvements	\$200,000
Equipment and Inventory	\$100,000
RLOC for Working Capital	\$200,000
Lender makes two loans:	Term loan for \$300,000 with 80% State Guarantee; and \$200,000 12- month RLOC with 80% State Guarantee



SSBCI Metrics in Accessing Capital

February 2011 thru September 30, 2013

- 475 Loans
- Loan Amount Outstanding : \$148,543,607
- Guaranteed Amount : \$103,087,446
- Losses : \$12,906
- Jobs created and retained : 13,941
- Reserve 9-30-13 : \$26,418,878



SBLGP Metrics in Accessing Capital

Total SSBLGP as of June 2013

- Loan Amount Outstanding : \$129,126,681
- Outstanding loans : 794
- Outstanding Guar. Liability : \$35,195,738
- Retained Jobs : 6,434
- Jobs Created : 1,785
- Loss Ratio : 4.95%

(Five-Year Moving Historic Loss Rate on
Average Annual Outstanding Liability)



SBLGP Metrics in Accessing Capital

FY 2012-13

- 96 Loans
- FY Loan Amount : \$10,650,743
- FY State Guaranteed : \$7,179,112
- Jobs created and retained : 899



California Small Business Finance Center

Visit
California Small Business Loan Guarantee Program
at
www.ibank.ca.gov